

**REPORT OF THE AUDIT OF THE  
LARUE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LARUE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2009**

The Auditor of Public Accounts has completed the LaRue County Sheriff's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$3,184 from the prior year, resulting in excess fees of \$21,848 as of December 31, 2009. Revenues decreased by \$5,429 from the prior year and expenditures decreased by \$2,245.

#### **Debt Obligations:**

Capital lease principal agreements totaled \$3,457 as of December 31, 2009. Future lease payments of \$3,457 are needed to meet these obligations.

#### **Deposits:**

The Sheriff's deposits as of November 30, 2009 were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$377,212

The Sheriff's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Tommy Turner, LaRue County Judge/Executive  
The Honorable Bobby Shoffner, LaRue County Sheriff  
Members of the LaRue County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of LaRue County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2010 on our consideration of the LaRue County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Tommy Turner, LaRue County Judge/Executive  
The Honorable Bobby Shoffner, LaRue County Sheriff  
Members of the LaRue County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of LaRue County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

July 27, 2010



LARUE COUNTY  
BOBBY SHOFFNER, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Fees For Services:

|  |    |    |
|--|----|----|
| Cabinet for Health and Family Services | \$ | 60 |
|--|----|----|

Circuit Court Clerk:

|                          |          |        |
|--------------------------|----------|--------|
| Sheriff Security Service | \$ 9,159 |        |
| Fines and Fees Collected | 4,080    | 13,239 |

|              |  |       |
|--------------|--|-------|
| Fiscal Court |  | 4,735 |
|--------------|--|-------|

|                                 |  |        |
|---------------------------------|--|--------|
| County Clerk - Delinquent Taxes |  | 28,971 |
|---------------------------------|--|--------|

|                               |  |         |
|-------------------------------|--|---------|
| Commission On Taxes Collected |  | 202,981 |
|-------------------------------|--|---------|

Fees Collected For Services:

|  |        |        |
|--|--------|--------|
| Auto Inspections                         | 2,443  |        |
| Accident and Police Reports              | 190    |        |
| Serving Papers                           | 27,085 |        |
| Carrying Concealed Deadly Weapon Permits | 2,375  | 32,093 |

Other:

|                         |       |        |
|-------------------------|-------|--------|
| 11% Penalty             | 6,975 |        |
| 10% Sheriff's Fee       | 8,832 |        |
| Insurance Reimbursement | 5,475 |        |
| Restitution             | 190   |        |
| Miscellaneous           | 797   | 22,269 |

|                 |  |    |
|-----------------|--|----|
| Interest Earned |  | 67 |
|-----------------|--|----|

Borrowed Money:

|                   |  |        |
|-------------------|--|--------|
| State Advancement |  | 67,500 |
|-------------------|--|--------|

|                |  |         |
|----------------|--|---------|
| Total Revenues |  | 371,915 |
|----------------|--|---------|

The accompanying notes are an integral part of this financial statement.

LARUE COUNTY  
BOBBY SHOFFNER, SHERIFF  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2009  
(Continued)

Expenditures

Operating Expenditures:

Personnel Services-

Deputies' Salaries \$ 119,050

Other Salaries 23,415

Contracted Services-

Advertising 602

Materials and Supplies-

Office Materials and Supplies 5,613

Range and Ammunition 9,575

Uniforms 7,267

Auto Expense-

Vehicle Equipment 2,674

Maintenance and Repairs 4,294

Mileage 2,088

Other Charges-

Conventions and Travel 1,659

Dues 873

Equipment 11,976

K-9 Expense 575

Training Expense 1,400

Transport Fugitives 4,427

Bond 381

Drug Enforcement Equipment 2,447

Miscellaneous 1,499 \$ 199,815

Debt Service:

State Advancement 67,500

Vehicle Loan 8,664 76,164

Total Expenditures \$ 275,979

Net Revenues 95,936

Less: Statutory Maximum 74,088

Balance Due Fiscal Court at Completion of Audit \$ 21,848

The accompanying notes are an integral part of this financial statement.

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

LARUE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2009  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months of the year.

Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent for the first six months and 32.97 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months of service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

LARUE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2009  
 (Continued)

Note 3. Deposits

The LaRue County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The LaRue County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of November 30, 2009, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the Sheriff's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$377,212

Note 4. Leases

The Office of the Sheriff was committed to a lease agreement with the Kentucky Association of Counties Leasing Trust for vehicles for the Sheriff's department. The agreement requires a monthly payment of various amounts for 6 years to be completed on March 20, 2010. The total remaining balance of the agreement was \$1,987 as of December 31, 2009.

The Office of the Sheriff was committed to a lease agreement with Kerr Office Plus for a copier. The agreement requires a monthly payment of \$98 for 36 months to be completed on January 16, 2011. The total remaining balance of the agreement was \$1,470 as of December 31, 2009.

Note 5. Drug Account

The LaRue County Sheriff opened a Drug Account in July 2004 with court ordered forfeited money. These receipts are to be used for drug-related law enforcement. The account had a beginning balance of \$5,552 as of January 1, 2009. During the year the Sheriff had receipts of \$25,712 and expenditures of \$23,693, leaving a balance as of December 31, 2009 of \$7,571.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Tommy Turner, LaRue County Judge/Executive  
The Honorable Bobby Shoffner, LaRue County Sheriff  
Members of the LaRue County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the LaRue County Sheriff for the year ended December 31, 2009, and have issued our report thereon dated July 27, 2010. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the LaRue County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the LaRue County Sheriff's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the LaRue County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

July 27, 2010

